

Congress of the United States

Washington, DC 20515

May 23, 2007

The Honorable Fabian Nunez
Speaker, California State Assembly
Room 219, State Capitol Building
Sacramento, CA 95814

Dear Speaker Nunez:

We are writing to express our strong support for AB 221, the California Public Divest from Iran Act, which is currently moving through the Assembly. This important legislation would require the state's public pension funds to divest from companies with business ties to Iran's petroleum, natural gas, nuclear, and defense sectors.

We are rapidly approaching the point at which the U.S. and the international community will be faced with two dismal alternatives: Living with a nuclear-armed Iran, or taking forceful action to deny Iran the bomb. To avert both of those unthinkable outcomes, we are currently engaged in an intensive diplomatic effort to change Iranian behavior. Increasing economic pressure on the Iranian regime is a key part of that strategy, and as the world's seventh largest economy, the State of California can have a major impact on the course of events.

There is a compelling moral argument for divesting from companies that do business with the Iranian regime. Not only is Iran developing nuclear weapons in blatant defiance of the U.N. Security Council, but it continues to be world's most active state sponsor of terrorism. Iran provides material support for extremist elements in Iraq that have killed dozens of American soldiers. And Iranian President Mahmoud Ahmadinejad recently hosted a Holocaust denial conference and has called for "wiping Israel off the map" – a statement many consider incitement to genocide. We have no doubt that California's public employees would demand divestment if they knew their pension money was invested in companies that serve as the economic lifeline to the repugnant regime in Tehran.

There are also strong fiduciary arguments for pursuing divestment. Under the Iran Sanctions Act (ISA) of 1996, foreign companies that invest more than \$20 million in Iran's energy sector are subject to a menu of U.S. sanctions. Last year, Congress passed legislation to close loopholes in ISA, thus increasing the likelihood that such sanctions will be imposed. Congress also directed the Securities and Exchange Commission (SEC) to establish an Office of Global Security Risk to identify all companies listed on U.S. stock exchanges that do business in Iran and other state sponsors of terrorism and ensure that these activities are disclosed to investors. In this context, it is clear that publicly-traded companies doing business with the Iranian government are putting their share value and corporate reputations at great risk – and thus constitute very risky investments for Calpers and Calstrs.

Florida recently became the first state to divest its public pension funds from investments in Iran's energy sector. The State of California has the opportunity to be at the forefront of this

growing movement to promote "terror free" investments. We urge you to schedule AB 211 for a vote in the Assembly as soon as possible.

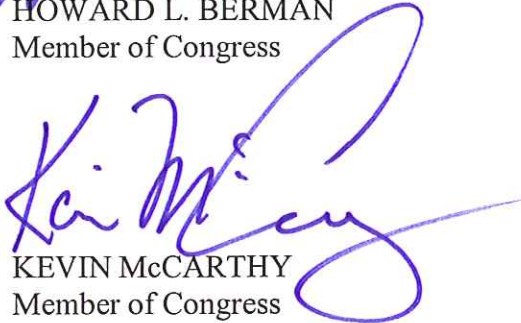
Sincerely,



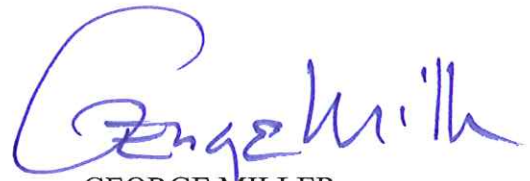
HOWARD L. BERMAN
Member of Congress



EDWARD R. ROYCE
Member of Congress



KEVIN McCARTHY
Member of Congress



GEORGE MILLER
Member of Congress

cc: Members of the California Assembly